

Exhibit 7



Palestinians Relief & Development Fund
Interpal
Helping Palestinians in Need

***Trustees' Annual Report & Audited Accounts
For the Year Ending 31 December 2003***



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Palestinians Relief & Development Fund
Legal & Administrative Information

LEGAL & ADMINISTRATIVE INFORMATION:

CHARITY REGISTRATION

- NUMBER 1040094 (constituted by Charitable Trust governed by Trust Deed)
- GOVERNING DOCUMENT Trust Deed
- DATE LAUNCHED 5th November 1994
- ADDRESS: P. O. Box 333, London, NW6 1RW, England
- TELEPHONE NO: 020-8450 8002
- FAX NO: 020-8450 8004
- E-MAIL: info@interpal.org
- WEBSITE: www.interpal.org

INTERPAL BOARD OF TRUSTEES

- TRUSTEES Mr. Ibrahim Brian Hewitt (Chairman), Mr. Essam Yousef Mustafa (Vice-Chairman & Managing Trustee), Mr. Shahan Izzat Husain (co-Vice-Chair), Mr. Ismail Yusuf Ginwalla, Mr. Mahfuzh Safiee, Mr. Ghassan Faour and Mohammad Rafiq Vindhani.
- **Method of trustee appointment/election**
The Trust Deed provides, "Every future Trustee shall be appointed by a Resolution of the Trustees passed at a special meeting called by the Chairman or any two Trustees upon not less than twenty-one days' notice being given to the other Trustees of the appointment of a new Trustee," (Article E).
- **Details of specific investment powers**
The Trust Deed provides that the Trustees have the power "to permit any investments comprised in the Trust Fund to be held in the name of any Clearing Bank, and Trust Corporation or any Stock Exchange (or any subsidiary of such a stock Broking Company) as nominee for the Trustees and to pay any such nominee reasonable and proper remuneration for acting as such," Article D (xviii).

WHOM TO CONTACT

- Chairman: Mr. Ibrahim Brian Hewitt
- Vice-Chairman & Managing Trustee: Mr. Essam Yousef Mustafa
- Vice-Chairman: Mr. Shahan Izzat Husain

AREAS OF OPERATION

- Worldwide

PRIMARY AREAS OF OPERATION

- Palestine (the West Bank and the Gaza Strip)
- Refugee Camps in Jordan and Lebanon

THE MAIN AREAS OF INTERPAL'S WORK

- Humanitarian Aid
- Education
- Community Development
- Health

AUDITORS

Muhammad Akram & Co.
Chartered Accountants and Registered Auditors
109 Farmilo Road
London
E17 8JN

BANKERS

NatWest Bank Plc.
NatWest Corporate Office
Sort code: 60-08-22
Address: Commercial Banking, 1st Floor, 10 South Street,
Romford, RM1 1BD

SOLICITORS

Noden & Co. Solicitors
Address: Room 4, Nash House, 322 Kensal Road,
London, W10 5BZ

Palestinians Relief & Development Fund

Interpal Profile

INTERPAL PROFILE:

INTERPAL AIMS & OBJECTIVES

INTERPAL was founded as a Charitable Trust governed by the laws of England and Wales via a Trust Deed to aid, assist, guide and comfort people in need. More specifically, Interpal focuses on the plight of poor and needy Palestinians in the charity's area of operation, which are mainly the West Bank and Gaza Strip, Jordan and Lebanon. Its aim is also to relieve the hardship facing these distressed persons, to provide them with protection from the elements, to promote good health within their community, to assist them in the advancement of education and to provide social welfare facilities and services in co-operation with the other charitable organisations (Articles B and C of the Trust Deed).

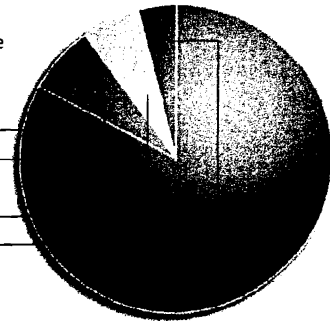
THE ORGANISATIONAL STRUCTURE

The INTERPAL Board of Trustees bears the responsibility for formulating and implementing the Charity's policies. It oversees the overall management and day-to-day running of the organisation. In addition to powers such as providing grants to help alleviate poverty, the Trustees have the power to establish and support development and rehabilitation projects, encourage employment and self-dependency, and construct, maintain and support holy places. The Board of Trustees must always have a minimum of five and a maximum of eleven members at any one time. Every future Trustee shall be appointed by a Resolution of the Trustees passed at a special meeting called by the Chairman or any two Trustees upon not less than twenty-one days' notice being given to the other Trustees of the appointment of a new Trustee.

TOWARDS ACHIEVING STATED OBJECTIVES: INTERPAL ACTIVITIES

INTERPAL focuses on four main areas of need within which many programmes and projects are established and supported in co-operation with many other charitable organisations. More than 80% of the funds distributed by INTERPAL have been used for emergency humanitarian aid purposes. This is a reflection of the needs of the Palestinians and the nature of the donations received by INTERPAL. Since the provision of educational, health and development facilities are the responsibility of the relevant state authorities in Palestine, INTERPAL's is more of a secondary than a primary care role. In fact, INTERPAL views the current situation as one requiring relief and assistance for a growing population faced with strife, abject poverty and deprivation. The four main areas mentioned above, and the five-year average percentage of income allocated to each, are listed below:

- Humanitarian Aid (80%)
- Education (10%)
- Community Development including Maintenance of Holy Sites (5%)
- Health (5%)



The mainstays of INTERPAL's fundraising work are its four major programmes. These are the three launched annually, namely the Ramadan and 'Eidul-Adha Campaigns, and the School Kit/Palestine Education Project; and the ongoing Sponsorship Programme. The aim of the Sponsorship Programme is to provide regular (i.e. monthly) financial assistance to orphans, the disabled and needy children and families. Additionally, INTERPAL tries to send delegations to Palestine as a means to ensure the transparency and accountability of its operations. However, the charity has not been able to do so since September 2000 due to the latest and ongoing conflict in the area. INTERPAL also launches special appeals as and when specific needs arise. This includes the organisation of events such as charity bazaars and fundraising dinners.

INTERPAL PROFILE:

STATEMENT OF INTERPAL POLICIES

Policy on Reserves (Funds Carried Forward)

Usually no more than 10% of INTERPAL's funds are rolled over for expenditure in the following financial year. This is to cover costs while income is being generated through the Charity's normal activities during the next year. However, it sometimes happens that due to the nature of INTERPAL's campaigns much of the funds are generated towards the end of the financial year. In such cases more than the 10% would be rolled over to the following year for distribution.

Policy on Investment Performance

The Trustees are keen that the investments perform well in any given financial year. The Trustees decided to invest in property about 4 years ago because the risk factor is lower. The only investment INTERPAL Trustees made was the purchase and refurbishment of 2 freehold properties in Pontypridd costing £110,000 in total. These were worth about £125,000 by 2002, and had generated an income of over £31,000 from the date of purchase until the end of 2002. One was sold in 2002 for £52,028. Completion took place on 20 December 2002. Sale proceed was banked after deductions for professional fees and agent's commission. Rents received in 2003 from the remaining property amounted to £1,739. This same property was sold towards the end of 2003. Completion date was on 14 November 2003, and sale proceeds (less professional fees and agent's commission) amounting to £70,649 was duly banked.

Grant-Making Policy

Grant-making is vital to INTERPAL as 80% of incoming resources are distributed in furtherance of the Charity's objects. INTERPAL works in partnership with other non-political non-governmental organisations (NGOs) in order to achieve its aims and objectives to provide relief and development aid to the people of Palestine. This is to increase efficiency and avoid duplication ensuring maximum benefit for Palestine's poor and needy. INTERPAL's commitment to Public Accountability and Transparency means that it deals with bona fide organisations, not individuals, which are duly registered by the appropriate authorities in their own countries.

INTERPAL has contact with over 100 NGOs in its primary areas of operation. All of them are highly trusted and respected. They are INTERPAL's partners on the ground, who are best placed to assess the needs of the people and give appropriate advice accordingly. They are responsible for implementing the projects INTERPAL chooses to support. Further, INTERPAL's work with these local NGOs is subject to a strict Funding Agreement to ensure the proper end use of funds as specified. Once it has been established that an organisation meets the conditions INTERPAL has laid down, the charity is happy to deal with it, and shall consider any project proposal it may wish to present. However, INTERPAL's decision to allocate funds is based solely on the basis of need and the individual merit of each project.

Need and the alleviation of poverty are the only criteria used when deciding how INTERPAL's funds are allocated. Most of the projects INTERPAL supports are those which provide humanitarian relief mainly in the form of food parcels and sponsorship of orphaned, needy and disabled children. It is worth noting here that the Funding Agreement is revised periodically to take into consideration changes in the law and the situation in INTERPAL's areas of operation. Changes are made where necessary, and the local NGOs are required to complete and return a signed copy of the new agreement.



Above: Interpal helps to construct schools in Palestine.

Below: Lorries transporting Interpal sponsored Food Aid in 2004.



INTERPAL PROFILE:

Administration Costs

It is INTERPAL's policy not to deduct Administration Costs from specified donations. Therefore, if a donation is specified as Zakat, orphan sponsorship or Qurbani, for example, INTERPAL will not deduct Administration Costs. The Charity meets its Administration Costs, which for the last 9 years have been less than 10% of the total annual income, from the following sources:

- Donations into our Administration Account
- Donated interest money
- Tax reclaimed from Inland Revenue schemes such as Gift Aid
- Unspecified donations

Policy on Allocating 80% of Distributed Funds to Provide Humanitarian Aid

Due to the nature of donations received, about 80% of INTERPAL's funds are used to provide humanitarian aid. INTERPAL defines Humanitarian Aid as emergency relief, medical supplies, food (including Qurbani meat), shelter and clothing, and the provision of moral and financial support through sponsorships of orphans, widows and needy children and families, and those who are unemployed due to illness, disability and as the result of civil or military action or national disasters. The aid INTERPAL provides includes the distribution of food parcels, Zakat distribution and the provision of hot meals during the breaking of fast during Ramadan, and the staggered distribution of fresh, frozen and canned Qurbani meat over the 9 months or so after the 'Eidul-Adha celebrations.

Applications from Individuals

Although it is INTERPAL's stated policy only to deal with other non-political bona fide charitable organisations and not individuals in order to achieve its aims and objectives to provide relief and development aid to the people of Palestine, the Board of Trustees may exercise their discretion in certain hardship cases to allocate funds to individual applicants in the UK or outside Palestine at the time of the application. The individual must be able to prove his/her nature of need, must produce evidence of hardship, and provide character references as well as other relevant documents (e.g. evidence of current visa status, medical condition or enrolment at a bona fide educational establishment where appropriate).

Gifts in Kind

INTERPAL does not normally seek nor receive gifts in kind apart from when the Charity is organising events such as a charity bazaar when items are needed for sale (food items mostly). However, such events are rarely organised (usually only once or twice a year at most).

Children putting on a play at the end of their summer education programme.



INTERPAL PROFILE:

SPECIAL NOTE: Restricted and Unrestricted Funds

INTERPAL's Incoming Resources are best described as Unrestricted funds expendable at the discretion of the Trustees in furtherance of the objects of the charity. Although INTERPAL has set up a number of separate sub-bank accounts as well as a system to record the specifics of the donations received, this is totally for administrative purposes in order to facilitate the proper dispensation of the moral as well as the religious obligations of the Trust.

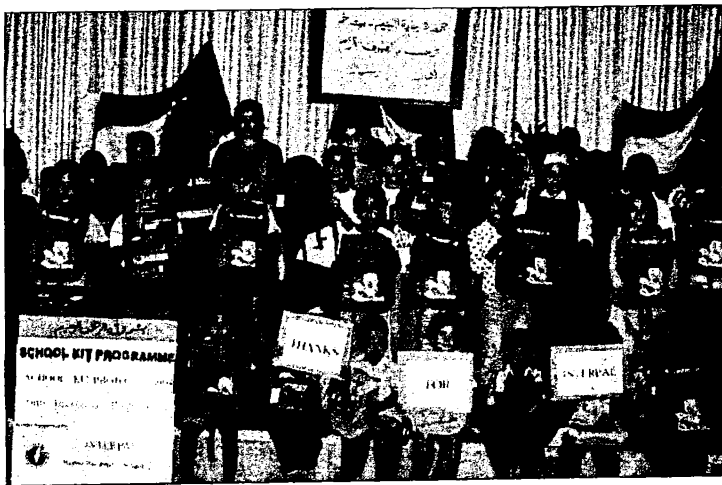
INTERPAL's donor-base is founded primarily (but not exclusively) in the Muslim community. Hence, approximately 80% of donation specifications are usually religious in nature i.e. Zakat and Fitrana (poor-due), Sadaqah (alms for the poor and needy), Lillah (contributions for the sake of Allah SWT) and Qurbani (donations for the purchase and sacrifice of livestock where the meat is to be distributed to the poor).

In the case of Fitrana and Qurbani classifications, the Trustees are obliged to make arrangements to dispense with the funds in accordance with the religious requirement of time restrictions i.e.: Fitrana must reach the needy before the end of Ramadan, and the Qurbanis must be performed within the specified 4 days of 'Eidul-Adha.

INTERPAL's Expenditure of Funds is, however, restricted to the designated charitable projects. The Beneficiaries, all bona fide registered charitable organisations, are obliged to expend the funds strictly in accordance with the purpose they are allocated. INTERPAL has a well-established control procedure to ensure full accountability to its donors.



Children receive school kits as part of the Interpal School Kit Programme 2004.



Palestinians Relief & Development Fund

Trustees Report

**Interpal Activities & Achievements
In The Year 2003**

TRUSTEES' REPORT:

Palestinians Relief & Development Fund also known as INTERPAL

INTERPAL ACTIVITIES & ACHIEVEMENTS IN THE YEAR 2003

In the Name of Allah the Most Merciful, the Most Beneficent.

Focus and Extreme Challenges

Interpal has been focused on providing relief and development aid for needy Palestinians since its founding in 1994. It has been an uphill struggle some of the time owing to the fact that the situation in its areas of operation have been far from ideal. There have also been great challenges, especially in 1996 and 2003 when the charity's accounts were frozen pending formal Charity Commission investigations into the charity's activities due to allegations from foreign governments.

The 2003 Charity Commission inquiry has so far been the most challenging experience for Interpal as it stemmed from the US/Bush Administration's listing of the charity as a "Specially Designated Global Terrorist (SDGT) entity". It was purely by chance that Interpal found out about the designation on the internet soon after it declared on 21 August 2003. We were neither informed directly nor given the opportunity to respond to the serious allegations. The news took Interpal Trustees, Staff and supporters completely by surprise. The Charity Commission, to its immense credit, was extremely fair and expeditious in conducting the formal inquiry which was opened on 26 August 2003. It gave the US/Bush Administration every opportunity to provide evidence to substantiate the allegations of illegal activities or wrong doing by the charity.

At the conclusion of the inquiry the Commission issued a press release on 24 September 2003 stating that it "...received no evidence to verify allegations that the charity has links to Hamas' political and militant activities... The American authorities were unable to provide evidence to support their allegations so the Commission has unfrozen the charity's bank accounts and closed its inquiry." Mr. Simon Gillespie, Director of Operations at the Charity Commission is quoted as saying, "As the independent charity regulator it is our duty to look into serious allegations about charities' link to terrorism. At the same time, we must have sufficient evidence to warrant an inquiry continuing. We have moved swiftly to reach a conclusion on this case because of the possible adverse impact of our actions on the charity's beneficiaries."

The conclusion of the inquiry was timely as it was fast approaching Ramadan 2003, the busiest time of the year for Interpal in terms of meeting beneficiaries' needs during what is considered the holiest month in the Islamic calendar and fundraising efforts. Trustees, Staff and volunteers worked very hard to dispel fears that some donors had about giving to the charity. The Trustees are pleased to report that, *Alhamdulillah* (praise be to Allah), the response of Interpal supporters during the inquiry and afterwards has been in the main overwhelming.



Distributing fresh food produce as part of the Ramadan food programmes means that Interpal helps impoverished Palestinian farmers to earn a living.

TRUSTEES' REPORT:

Business As Usual

Despite concerted efforts to discover the reason for the US listing and to apply to the US Treasury's Office of Foreign Assets Control (OFAC, the body responsible for reviewing "terrorist" listings), Interpal still carries a millstone around its neck in the form of the American "terrorist" tag. It is distressing that the Australian and the Canadian authorities followed the US Administration blindly and listed Interpal as a "terrorist organisation". On the occasion of Ramadan 2004 the US Administration, through the Secretary of the US Treasury, saw fit to remind the American people, Muslims in particular, that Interpal (along with 26 other Muslim charities) is a "supporter of terrorism" (US treasury Press Release issued on 19 October 2004) in what many Muslims have interpreted as an outrageous attempt to dictate with whom and for what purpose Muslims can fulfil their religious obligations. The threat of designation by the United Nations – which would spell an end to Interpal – still hangs over the charity's head.

Nevertheless, in what is Interpal's 10th Anniversary year, the charity has decided to mark the occasion by launching an initiative to create a platform for partnership between national and international organisations working in the Holy Land and neighbouring countries. This initiative will be promoted under the banner of 'Partners for Peace and Development in Palestine (PPDP)', with the purpose of furthering Interpal's objective of building bridges between communities and the people trying to help them. This, it believes, will help to achieve its common goal of social development and stability.

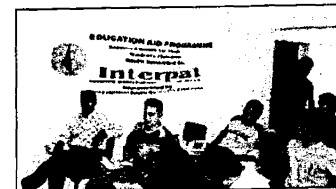
Interpal is also developing its working links with other NGOs and bodies that serve the targeted beneficiaries in its areas of operation. In October 2004, Interpal's Chairman and Vice-Chairman were invited to attend the United Nations Economic and Social Commission for Western Asia (ECSWA) Forum in Beirut. As a result of this participation, Interpal reached a mutual agreement with ECSWA to work on a proposed initiative to strengthen the capacity of Palestinians to rehabilitate agricultural land and develop agro-industries in the Occupied Palestinian Territories through private sector partnerships.

Interpal's Role

Interpal, in its effort to continue with the distribution of its own funds and the administration of contributions from some of its partners, has worked extremely hard to meet the needs of the poor and needy of Palestine. By the grace of Almighty Allah in the last 12 months or so, Interpal and these partners have managed to maintain its support for projects in the Humanitarian, Health & Medical, Education and Community Development fields. In responding to urgent appeals from local (Palestinian) NGOs, Interpal has been able to help fund essential programmes. As always, Interpal's far-sightedness in its funding allocation policy means that each penny distributed is aimed at benefiting every strata of Palestinian society.

Multi-Dimensional Aid

Interpal views project support as an excellent way to benefit Palestinian society in all its areas of operation. For example, when Interpal and its funding partners provide the money to help build a school, the benefit to the local community goes far beyond the children who are educated therein, their families, and the academic and non-academic staff who work at the school. Such a project ensures that a whole host of people including surveyors, architects, draftsmen, building contractors, timber and building merchants, labourers, painters and decorators, and retailers of school furniture and equipment all stand to benefit. This is especially important as the worsening situation has left no family untouched.



Extra tuition for students whose education has been severely interrupted by the current crisis.

TRUSTEES' REPORT

The Continuing Crisis

The economic downturn and severe restrictions on movement which are exacerbated by the building of the Separation Wall have had an adverse impact on the living standards and living conditions of the Palestinians. Unemployment is at its highest with 67% of the labour force in Gaza being out of work (HDIP, 2004). The figure for the West Bank is 48%. About 75% of Palestinians are living in poverty which means that they are living on less than US\$2 (less than £1.20) a day (UNRWA). Many successful merchants who used to employ tens of workers have seen their businesses collapse, and are themselves depending on aid. Palestinians living in refugee camps fare the worst. Many die of minor illnesses for the simple reason that conditions in the camps are appalling due to overcrowding and lack of sanitation; services are under-funded and over-stretched.

The Trustees of Interpal would welcome a day when the people of Palestine no longer depend on aid, but we are here to stay for as long as necessary, to provide the lifeline that many Palestinians need to survive, *Insha-Allah* (God-Willing). Interpal's poverty alleviation and community development programmes continue to this day because the situation in our primary areas of operation, namely Palestine and the refugee camps in Jordan and Lebanon, deteriorate on a daily basis. Poverty is spreading rapidly, and access to education, health, social and welfare services is being strangled due to movement restrictions or lack of funding. Interpal is committed to continue its work to provide hope and restore human dignity in an area of the world where there is great strife and misery.

The fact that our work has continued to this day is testimony that we enjoy donor confidence and co-operation. We are grateful to Almighty Allah for inspiring our supporters to help Palestinians in need through Interpal.



Top: Emergency aid provided by Interpal.

Below: The wall changes lives and creates misery.

TRUSTEES' REPORT:

Interpal Projects

Interpal's achievements in 2003 are largely due to the fact that we have been able to support over 100 projects as diverse as providing direct welfare assistance to long-term infrastructure development. Details of some of Interpal's major projects are given below.

SPONSORSHIP PROGRAMME

The biggest on-going Interpal project is the one-to-one Sponsorship Programme. In 2003 we distributed over £2 million for this project alone. Interpal receives applications of those in need of sponsorship from local NGOs, and then endeavours to find sponsors for them. Currently about 4,000 orphans, needy children, disabled persons, widows and poor families are helped through the Programme by the provision of a small monthly stipend to help ease their financial burden. Sponsors are provided with an annual report to chart the progress of the children or families they support. This helps to strengthen the bond of brotherhood between individuals which transcends the geographical, cultural, social and religious divide.

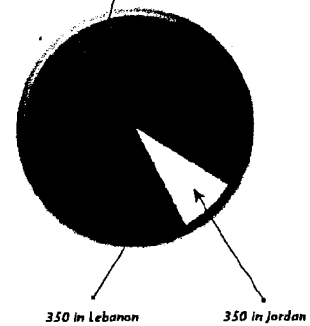
RAMADAN PROJECT

Interpal's Ramadan Project is the charity's major annual campaign. The month of Ramadan in the Islamic calendar is a very special time for the beneficiaries when the distribution of aid and support is eagerly awaited. In 2003, on reflection of the growing crisis and the acute need in the region, the charity distributed nearly £½ million to support this project. Twenty percent was spent on the distribution of Food Parcels and the provision of ready-cooked meals to the elderly and the disabled, as well as to students who were stranded at their university campuses and cut off from their families. Fifteen percent was expended in support of local farmers and producers to purchase fresh produce for use as part of the food parcels and ingredients for the ready cooked meals including collective Iftars. A further 15% was distributed to provide 'Eid gifts for children and widows. The remaining 50% was earmarked for Zakat Distribution as part of the Financial Assistance Programme aimed at easing the burden of the needy. About 75 grants were made to local NGOs covering Interpal's primary areas of operation.

'EDUL-ADHA PROJECT

In order to provide an effective response to the growing humanitarian crisis in Palestine, Interpal launched its Palestine 'Eidul-Adha Project in 2003. This was the second major annual campaign of which the Qurbani Meat Distribution is one of the many programmes implemented. On average Interpal arranges for 15,000 Qurbanis to be performed annually on behalf of its donors and partners whose funds Interpal administers. The meat is then either distributed on the day to needy Palestinians, or frozen or canned for distribution at a later date. The other programmes include 'Eid Gift Distribution, Food Parcel Distribution, distribution of Zakatul-Mal and other financial assistance to orphans, needy children, widows and poor families. Donor support ensures that vital aid as well as meat from Qurbani offerings reaches Palestinians in their greatest hour of need. Nearly £570,000 was allocated for 2003's 'Eidul-Adha Project, and funds were distributed to about 60 local NGOs in all of Interpal's primary areas of operation.

Orphans sponsored in the areas of operation.
3,300 in Palestine (cared for by about 40 different organisations)



Collective iftar supported by Interpal.

TRUSTEES' REPORT:

EDUCATION

Interpal provided close to £740,000 in 2003 in support of education programmes, and to provide student aid including financial assistance, support classes for Tawjihi students (support classes are designed to prepare them for what is in effect the university entrance examinations), student loans and school kits in all areas of operation. Interpal also provided funds to improve school facilities and increase the capacity of existing schools. Interpal gave £100,000 towards the completion costs of a university building in Gaza as well as another £20,000 to help furnish its new campus at Khan Younis and £15,000 to support the university library. Interpal helped to make a Tulkarem school more secure by providing nearly £20,000 to build a boundary wall around the school. The charity also spent over £40,000 towards the construction costs of a girls' school in Al-Khalil, nearly £10,000 to provide a science lab for another girls' school in Al-Khalil, almost £20,000 to complete a nursery school in northern West Bank, £8,000 to complete a school in Maan (Jordan), approximately £10,000 to complete a nursery in Ein Hilwa Camp in Lebanon, and about £16,000 to upgrade a university physiology lab in Nablus.

In addition, Interpal purchased a minibus (approximately £10,000) to ensure safe passage for the pupils of a kindergarten in Jerusalem. In all, more than £100,000 was spent in providing financial assistance to university students (including aid to students stranded abroad, who are cut off from their regular source of funding - around £30,000 was spent on this) and school kits to children at the start of the school year throughout Interpal's areas of operation. Over 31 local NGOs implemented the Student Aid and School Kit programmes on Interpal's behalf. Another £60,000 was allocated in support of Summer Educational Activities Programmes for Children. The ethos behind Interpal's support for these programmes is to help give Palestinian children their childhood back. This greatly helps with character and confidence building, especially where under-privileged children are concerned. At a time when children have been forced to grow up before their time, these precious moments during the summer months give children the opportunity to enjoy their childhood in a safe environment.

Interpal takes every opportunity to help empower female Palestinian students by supporting programmes especially run for girls during the summer months. For example, Interpal distributed £3,500 to run computer courses for girls in Ramallah, another £3,500 to run a leadership training course for girls also in Ramallah, and £2,500 to run a training programme for girls in Jerusalem. In addition, Interpal ensures that children with learning difficulties and non-academically inclined children also benefit from funding allocation. In the past year or so Interpal spent nearly £20,000 on programmes designed to provide them with the educational help and support that they need. One such programme in Gaza received £9,000 of Interpal funding.



Students benefiting from an Interpal sponsored library.

TRUSTEES' REPORT:

HEALTH & MEDICAL, AND REHABILITATION PROJECTS

In 2003 Interpal spent more than £550,000 in the Health & Medical field helping to develop clinics, medical centres and hospitals, provide medicines, specialist medical equipment and supplies, support mental health projects, subsidise treatment costs for the poor and needy (this may take the form of the provision of medical insurance or free medication for the needy, and sponsor the training of Palestinian doctors (3 Gaza physicians were sent to Amman, Jordan for further training in then fields of Medicine, Surgery, Paediatrics, Obstetrics and Gynaecology at a cost of £9,000. They had been cut off from financial help from their families or the medical societies that sponsored them for specialisation).

Due to the many casualties and the critical need for medical facilities in Gaza almost £200,000 was spent to help develop clinics, medical centres and hospitals (2 maternity clinics at a cost of over £20,000; mother & child clinic - £12,000; nursing home - £40,000; refurbishment of a medical centre in Khan Younis - £25,000; eye clinic - £6,000; dental clinic - almost £40,000; and the completion of 2 floors of a Yaffa medical centre - £55,000). About £20,000 each (total £60,000) was distributed to help develop a charitable hospital in Amman that helps Palestinian refugees and a medical centre in Jerusalem, and to provide an electric generator for a medical centre in Al-Khalil (Hebron). Some of the projects include funding the completion of a building of a charitable medical centre in Jenin (£52,000). A total of £40,000 was distributed in support of emergency medical centres in the Jenin area. Nearly £30,000 was spent in Gaza to provide psycho-social support to traumatised children.

In addition, Interpal distributed about £30,000 to help in the development of a rehabilitation centre in Al-Khalil (£15,000), to sponsor disabled Palestinians undergoing rehabilitation programmes in Lebanon (£6,000) and to provide incontinence and other supplies to the disabled and the elderly in the Nablus area.

GENERAL HUMANITARIAN AND EMERGENCY AID

Due to the many humanitarian crises and emergencies that occurred in 2003, Interpal provided about £320,000 in aid including food distribution, and provision of medical supplies, emergency housing in rented accommodation as well as essential bedding such as mattresses and blankets. In March 2003 £110,000 in Emergency Aid was distributed to all parts of Gaza including Rafah, Khan Younis and Nusairat. The West Bank received £85,000. A month later another £15,000 in Emergency Aid was distributed to Gaza, and £20,000 each was allocated to Nabus and Jenin in the West Bank. Lebanon also received £10,000 to distribute food, blankets and fuel due to severe floods. Over 100 families in the Bar Ilias, Al-Murj, Al-Rawdha and Saad Nabil camps benefited, and the distribution of aid was reported in the local newspaper.

In May 2003 Interpal received an appeal from an NGO based in Jordan appealing for funds to provide Emergency Aid to Palestinian refugees who had fled Iraq to escape the bombing. They were stranded at the Jordanian border, and were in dire need of emergency assistance. In July and August 2003 Emergency Food Aid was distributed to Gaza (£12,500), Nablus (£12,500) and Jordan (£5,000). In November 2003 another £10,000 was distributed in Gaza in the form of aid.



Training to provide psycho-social support for traumatised Palestinian children.

TRUSTEES' REPORT:

SMALL SCALE AND COMMUNITY PROJECTS

(i.e. supporting cottage industries and providing business start-up costs as well as interest free loans)

These self-help projects are mostly aimed at creating jobs and empowering women, especially widows, who have no source of income to enable them to provide for their families. For example, Interpal distributed nearly £5,000 to provide 3 sheep each to 8 farming families headed by widows in Nablus. The aim was to help them start an animal breeding programme of their own. In the meantime, they have been able to sell the milk from the ewes to a nearby milk processing plant. Interpal also helped 3 families of widows in Nablus to open mini-markets in their local areas by awarding over £1,000 each in the form of business start-up funds. A further 2 Nablus families received a sewing machine each from Interpal at the total cost of about £600. Nablus also benefited from an allocation of £10,000 in aid of a community bakery project. Families in Lebanon also benefited from the livestock programme with funds from Interpal amounting to £3,000.

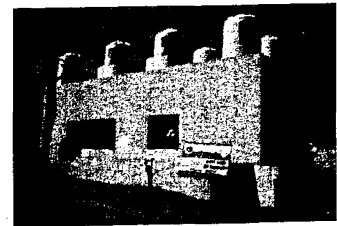
Due to closures and curfews, many Palestinian farmers and producers are finding it almost impossible to reach market places to sell their produce. As part of its community projects in support to local Palestinian farmers and producers, Interpal has helped with start-up funds to build cold storage or freezer units and establish retail outlets. This has greatly boosted the morale of these farmers and producers who have seen such a massive slow-down in the agricultural sector. Interpal provided 2 freezer units at an average cost of £25,000 each to support community programmes in Jenin. These freezers were initially used to help with the storage of frozen Qurbani meat before distribution. However, the units have proven indispensable in helping to store and extend the shelf life of Palestinian agricultural and dairy products.

CLEAN WATER AND WATER WELL PROJECTS

Due to the shortage of clean drinking water in Gaza owing to the large scale demolitions, Interpal has stepped up its work to provide clean water supplies and help to provide funds for wells to be dug in at least 3 different areas in Gaza. Interpal provided over £21,000 to help construct a water distillery station in Khan Younis to provide clean drinking water to schools in the area. Eighteen different schools benefited of which 9 are government schools, 4 are private charitable schools, 1 is a university campus and 2 are nurseries, plus 1 sports club.

Interpal contributed another £6,000 towards establishing a water distillery station in North Jabalia to supply the local district with safe, clean drinking water. Jabalia is one of the most over-crowded areas in Gaza, and such a project is badly needed as the water there is very salty and impure. There is also a drinking water shortage; what is available is generally beyond the means of many local residents. The ultimate beneficiaries number about 5,000 people. The funds provided for 1 distillery machine and 10 water tanks.

Interpal also provided £18,000 to construct a desalination plant in Al-Qarara with all the necessary equipment to benefit schools in the area and 7,000 local residents. A well was dug to the depth of 54 metres so as to provide a permanent source of water. A small desalination plant was then built, and a water storage system was put in place enabling 32 cubic metres of water to be desalinated and purified.



A desalination plant built with support from Interpal.

TRUSTEES' REPORT:

SUPPORT FOR LOCAL NGOS

Interpal sees local NGOs as a vital part of its work. They are the lifeline that links the poor and needy to the social, medical, education and welfare services that they badly need. Interpal appreciates that NGOs working on the ground face many challenges and hazards on a daily basis. Many of these local NGOs lack the funds and resources to provide continuous service. Interpal's support for these NGOs is a means to ensure that they survive the daily grind in order to continue good work in their local communities. It is also a means to ensure that key staff are kept employed to provide these services. Interpal support for local NGOs include office refurbishment, provision of office equipment and vehicular support, training programmes for staff and key workers, and contributions towards running costs, and staff training and salaries. For example, £3,000 was distributed in Khan Younis to provide administration support through the purchase of computer equipment, and £1,000 to an NGO in northern West Bank to purchase office equipment. In 2003, Interpal spent about £27,000 to help 5 local NGOs with staff salaries and running costs. A total of £13,000 was distributed in Jordan, £8,000 was disbursed to the West Bank, and the rest went to Gaza.

Access to a ready means of transport is very important for NGOs working on the ground, especially when they deal with home visits or have to ferry invalids or young children who would otherwise be unable to travel. In support of these NGOs Interpal provided funds towards the purchase of 3 minibuses to local NGOs in Beit Hanoun, Qalqilya (a local NGO helping the disabled), and Jordan, at the average cost of about £10,000 each.

SUPPORT FOR VOCATIONAL, AND SPORTS & RECREATIONAL (YOUTH) CENTRES

In order to help unemployed Palestinians or non-academic youth increase their chances of gaining employment, Interpal has made a considerable commitment to help set up vocational training centres, especially in Lebanon. Sports and recreational (youth) centres also sometimes provide one form or another of vocational training, and for this reason Interpal has also provided funds to support them.

Hence, Interpal distributed nearly £10,000 in April of 2003 to help with the completion of a recreational sports club in the Nahr Al-Barad Camp in Lebanon to give young Palestinian refugees an outlet to excel in sports and develop their social as well as vocational skills. Interpal provided about £60,000 in August 2003 to help with the completion of building works of a vocational training centre in Lebanon, and another £78,000 in July 2003 to establish an advanced vocational training centre in Sidon, south Lebanon.

Below: Two boys showing off a ceramic plate they produced at an Interpal sponsored Youth Centre.



TRUSTEES' REPORT:

INTERPAL'S WORK IN MENTAL HEALTH

In 2003, Interpal has funded programmes to provide psychological and social support to Palestinians, especially children, who have suffered trauma due to the conflict. This is especially needed in the Gaza area where many have witnessed the death or injury of close relatives or friends and neighbours, as well as the destruction of their homes and agricultural land. Below are details of one such project implemented in Rafah, Gaza:

Project Name: Psycho-social Support for Children

Interpal Allocated Funds: £15,000

Project Duration: Interpal funds helped to support the project for about 6 months

Project Executive Summary: Psycho-social Support for Children at risk is a community project concerned with children between the ages of 10 to 15 years in the Rafah Governorate.

Project Aims: To improve the mental health of affected children through implementing specific activities. It includes activation courses as well as home and school visits to help decrease stress and increase self confidence. Other activities carried out include programmes for families and the local community to raise their awareness of the children's suffering.

Preparation Activities: A 60 hour training course over a period of 2 weeks was held for 20 appropriate employees and volunteers in topics related to the psycho-social fields to increase their ability and skills in dealing with affected children and their families.

Project Objectives:

- a. To improve the psycho-social condition of 500 children of school age between 10 and 15 years in the northern area of the Gaza Strip,
- b. To raise awareness of 900 persons (male and female) from families of the children through conducting community meetings and disseminating appropriate publications and literature, and
- c. To activate 10 governmental and non-governmental organisations in the area through their facilitation of the implementation of the project's activities.

Achieving Goals: The project objectives were achieved in that,

- a. affected children, especially those with severe social and psychological problems received the counselling they needed,
- b. their parents benefited through advice given by the specialists on how to adopt the proper methods to deal with their traumatised children, and increased awareness of the problems related to their children. As a result, 10 files were opened for the most severely traumatised children. Some were then referred to specialised therapeutic programmes to ensure that they receive the help they need, and
- c. the project was implemented with the full co-operation of the local governmental and non-governmental organisations. These organisations helped to facilitate the procedures for implementing all activities of the project. They were also able to understand how best to implement such programmes in future.



Children who benefit from psycho-social support.

TRUSTEES' REPORT:

HOUSING AID TO PALESTINIAN INTERNATIONALLY DISPLACED PERSONS (IDPS) IN IRAQ

In November 2003 Interpal participated in a joint project with Muslim Aid UK to provide housing aid to Palestinian refugees in Iraq. After the bombing of Iraq in 2003, Muslim aid officials visited Baghdad to assess the humanitarian need there. They were shocked to discover a sizeable number of Palestinian IDPs (refugees) already in a camp in Baghdad whose condition was more terrible than that faced by native Iraqis. There were 460 families altogether. It was winter, and many were without proper shelter. They were living in miserable tents, and faced an uncertain future. The whole project was aimed at providing housing for 6 months for at least 386 families. Interpal allocated £12,000 to house 64 families with immediate effect. Priority was given to the following:

1. Families headed by the elderly.
2. Families with very young children.
3. Families with members suffering from illnesses.
4. Families with disabled members.

Palestinian refugees in Baghdad awaiting Housing Aid distribution.



TRUSTEES' REPORT

COMMENTS OF THE STATEMENT OF FINANCIAL ACTIVITIES

INCOMING RESOURCES

Most of INTERPAL's funds were generated by fundraising appeals to the public and our funding partners both in the UK and abroad through our annual campaigns. Investment income from rents received is significantly small compared to the funds raised from the annual campaigns. Interpal's total income for 2003 was over £4.2 million. This marks a fall on 2002's income, and may be due to 3 factors:

- the war in Iraq which may have prompted our donors to increase their contributions to provide more humanitarian aid to Iraqi in need, and decrease donations for Palestinians in need through Interpal,
- the US listing of Interpal as an SDGT entity may have influenced some of our donors to withdraw their support as a precautionary measure, and
- the listing of some partners whose funds were administered by Interpal meant that Interpal could no longer deal with them and vice versa.

The projected income and expenditure for 2004 is around £4 million, *Insha-Allah* (by the will of Allah).

DISTRIBUTION OF FUNDS & EXPENDITURE

Although its incoming resources amounted to over £4.2 million in 2003, the charity distributed in excess of £5.7 million that year. The nature of the need in Interpal's primary areas of operation, especially in Palestine, meant that it used some of its reserves to ensure that its beneficiaries received the necessary help to alleviate their suffering.

It is Interpal's policy to distribute 80% of its income on Direct Charitable Projects, retain 10% as reserve for future distribution, and budget for 10% for Indirect Charitable Expenditure (i.e. 5% for Fundraising and 5% for Administration). In 2003 the amount spent on Fundraising was 1.4%, and Administration Costs amounted to 2.4%. This means that 96% of the funds went directly to support charitable projects. Trustees' expenditure amounted to £3,726.

COMMENTS OF THE STATEMENT OF FINANCIAL ACTIVITIES

ANALYSIS OF DIRECT CHARITABLE EXPENDITURE

In 2003, 896 grants (341 more than in 2002) were made by Interpal to the total value of £5,503,823. Of these 883 grants were made to institutions. Grants to individuals numbered 13, and totalled £10,085 in all. The average amount given to each individual was about £776. The high rate of unemployment, the collapse of many industries and the restrictions on movement in Palestine at that time meant that thousands were reduced to poverty. Many depended on aid agencies for food, shelter, medical treatment and financial assistance to pay for their electricity and water supply, and so on. Therefore, most of the project applications Interpal received in 2003 were appeals for humanitarian aid.

Adults also receive Education Aid in the form of literacy classes.



TRUSTEES' REPORT:

The bulk (67%) benefited Humanitarian projects including the Ramadan Programmes, the 'Eidul-Adha Project and the Sponsorship Programme. This is due to the scale of the humanitarian crisis and the nature of the needs of Interpal's ultimate beneficiaries. Education Aid such as the provision of school kits, assistance for poor and needy students and the building and maintenance of educational establishments received 13.4% of the funds. A total of 9.4% was expended in the Community Development field to fund small-scale projects, Education Support Centres, support for local NGOs and other development projects. Health & Medical projects including the purchase of medical equipment and supplies, and the treatment costs of needy patients received 10.2% of the funds. In all, 85% of the total charitable allocation was distributed in the West Bank and Gaza Strip, 8% in Lebanon, and 7% in Jordan.

FUNDS CARRIED FORWARD

It is INTERPAL's policy to retain some funds for distribution the following year. The figure for the year 2003 was nearly £1.9 million due to the fact that as a result of the nature of INTERPAL's campaigns much of the funds were raised during the latter part of the year for distribution in the next year. The first distributions in 2004 were made in the first quarter of that year.

Interpal supports the establishment of small businesses which benefit the local community.



TRUSTEES' REPORT:

STATEMENT OF FINANCIAL ACTIVITY & ACCOUNTING POLICIES

INTERPAL has taken every effort to present its accounts in accordance with the Charities' Statement of Recommended Accounting Practice (SORP).

TOWARDS ACHIEVING GOALS

The year 2003 was significant in more ways than one for INTERPAL. As the humanitarian crisis in Palestine intensified, the needs of poor Palestinians grew to unprecedented levels. The listing of Interpal as an SDGT entity by the US Administration towards the end of the year had some negative effects in that valuable resources had to be diverted from the real work providing relief and development aid to the most vulnerable in Palestinian society to deal with the matter of the designation.


The impact on the British public of the news of Interpal's listing was quite unexpected. Worldwide news coverage meant that many more people were made aware of Interpal's existence and the work that it does. Many wrote letters of support to the charity, the Charity Commission and the appropriate government departments. Although Interpal's income level dropped quite significantly (by approximately £1.3 million), support from the majority of donors meant that Interpal was able to continue its efforts, and work towards achieving future goals.

This charity is greatly indebted to all its donors and supporters for their practical and moral support throughout 2003. Everyone connected with Interpal is overwhelmed by donors' trust in the organisation and by our supporters' readiness to stand by the charity. Our sincere appreciation goes to them all for their unstinting support. The Trustees would also like to express their appreciation of the hard work and dedication of INTERPAL's staff and volunteers.

Most of all, thanks and praise is due to our Creator, Allah, without whose help none of this would take place.

Approved by the Board of Trustees.

Signed on behalf of the Board;


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INTERPAL
الصندوق الفلسطيني للتعليم والتنمية
HELPING PALESTINIANS IN NEED
TRUSTEES' REPORT
VICE CHAIRMAN AND MANAGING TRUSTEE

Date: 2nd November 2004

Provision of computers as part of the support for local NGOs Programme.

